

## Message Text

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ORIGIN NEA-06

INFO OCT-01 SS-14 ISO-00 PM-01 L-01 EB-03 NSC-05 NSCE-00

H-01 INR-05 CIAE-00 DODE-00 OMB-01 SP-02 IGA-01 /041 R

DRAFTED BY NEA/ARP:FMDICKMAN:CEJ

APPROVED BY NEA:SSOBER

T - MR. LEWIS

S/S:P.JOHNSON

PM/ISO - MR. NIEMI (INFO)

L - MR. FELDMAN (INFO)

DSAA - MR. VIOLETTE

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R 290144Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

S E C R E T STATE 177924

LIMDIS

E.O. 11652: GDS

TAGS: MASS, SA, US

SUBJECT: NORTHROP AGENTS FEES

REF: JIDDA 5039, JULY 18 MEMCON (POUCHED TO JIDDA)

1. SINCE REFTTEL AND FOLLOWING MEETING IN DEPT JULY 18  
ATTENDED BY AMBASSADOR AKINS, NORTHROP HAS DECIDED TO SEEK  
TO OBTAIN A RELEASE FROM ITS AGENCY AGREEMENT WITH TRIAD.  
NORTHROP LAWYER KLEIN CALLED DEPT JULY 28 FROM LONDON TO  
DESCRIBE DETAILS OF MEETING HELD THAT DAY WHEN SUBJECT WAS  
AIRED WITH KHASHOGGI AND HIS LAWYERS.

2. ACCORDING TO KLEIN, NORTHROP PRESENTED TO KHASHOGGI A  
LETTER SETTING FORTH THE TEXTS OF DIFFERENT MESSAGES BE-  
TWEEN THE USG AND PRINCE SULTAN ON AGENTS FEES THAT IT WAS  
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AWARE OF AS WELL AS A PROPOSED AGREEMENT TERMINATING AGENCY

RELATIONSHIP BETWEEN NORTHROP AND TRIAD. KLEIN REPORTED THAT KHASHOGGI DID NOT SAY HE WOULD REFUSE TO SIGN AGREEMENT BUT WANTED TO RETURN TO SAUDI ARABIA TO REVIEW ISSUE. KHASHOGGI HAD JUST COME FROM SAUDI ARABIA WHERE HE HAD MET WITH PRINCE SULTAN AND SULTAN HAD ASKED TRIAD TO EXECUTE AN AGENCY TERMINATION ARRANGEMENT WITH NORTHROP. IT WAS KLEIN'S IMPRESSION THAT KHASHOGGI WOULD TRY TO SEE PRINCE FAHD, POSSIBLY GOING OVER PRINCE SULTAN'S HEAD, AND ARGUE

THAT SULTAN WAS EXCEEDING HIS AUTHORITY BY COMPELLING TRIAD TO TERMINATE ITS AGENCY AGREEMENT WITH NORTHROP. KHASHOGGI HAD ASKED HIS LAWYERS TO PREPARE A LEGAL BRIEF WHICH KLEIN BELIEVED WOULD MAKE FOLLOWING POINTS: (A) TRIAD IS NOT A SAUDI CORPORATION, HENCE IT CAN NOT BE ORDERED BY SAG HOW TO HANDLE ITS COMMERCIAL RELATIONSHIPS; (B) TRIAD HAS COMMERCIAL NOT AGENCY RELATIONSHIP WITH NORTHROP; AND (C) EVEN IF TRIAD FORBIDDEN TO HAVE ANY RELATIONSHIP IN SAUDI ARABIA WITH NORTHROP BY SAG ON FMS SALES, PRINCE SULTAN HAS NO POWER TO SINGLE OUT TRIAD OR HAVE BAN APPLY ONLY TO FMS SALES.

3. KLEIN REPORTS MEETING ALSO RAISED NUMBER OF OTHER ISSUES, PARTICULARLY WHAT HAPPENS TO 6 MILLION DOLLARS NORTHROP ADVANCED TO KHASHOGGI ON PEACE HAWK FOUR. NORTHROP TOLD KHASHOGGI THAT IT WOULD HAVE TO MAKE REPRESENTATIONS TO GET MONEY BACK BECAUSE NEW PEACE HAWK LETTERS OF OFFER CONTAIN CLAUSE THAT INDICATE NO AGENCY FEES HAVE BEEN OR WILL BE PAID. KHASHOGGI ALSO ASKED WHETHER TERMINATION AGREEMENT AFFECTED NON-FMS SALES BY NORTHROP. LAWYERS SAID ONLY INSTRUCTIONS THEY HAD RECEIVED FROM COMPANY RELATED TO FMS SALES BUT INDICATED THAT IMPLICATIONS MIGHT BE BROADER.

4. NORTHROP LAWYERS MAY HAVE FURTHER DISCUSSIONS WITH KHASHOGGI WHO MAY BE BACK IN LONDON THURSDAY OR FRIDAY AFTER VISIT TO SAUDI ARABIA. MEMCON WITH FURTHER DETAILS FOLLOWS. INGERSOLL

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 29 JUL 1975  
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